

TAMA COUNTY

**Independent Auditors' Reports
Basic Financial Statements and Supplementary Information
Schedule of Findings**

June 30, 2011

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Tama County

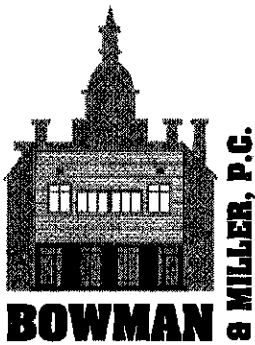
Officials

(Before January 2011)

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Larry Vest	Board of Supervisors	January 2011
Dan Wilkens	Board of Supervisors	January 2011
Kendall Jordan	Board of Supervisors	January 2011
Laura Kopsa	County Auditor	January 2013
Sandra K. Fowler	County Treasurer	January 2011
Deborah Kupka	County Recorder	January 2011
Dennis Kucera	County Sheriff	January 2013
Brent D. Heeren	County Attorney	January 2011
Jerry Witt	County Assessor	January 2010

(After January 2011)

Dan Wilkens	Board of Supervisors	January 2013
Kendall Jordan	Board of Supervisors	January 2013
Larry Vest	Board of Supervisors	January 2015
Laura Kopsa	County Auditor	January 2013
Michelle Yuska	County Treasurer	January 2015
Deborah Kupka	County Recorder	January 2015
Dennis Kucera	County Sheriff	January 2013
Brent D. Heeren	County Attorney	January 2015
Jerry Witt	County Assessor	January 2012



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Independent Auditors' Report

To the Officials of Tama County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tama County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Tama County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Tama County at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2011 on our consideration of Tama County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 10 and 41 through 45 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tama County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bowman and Miller, P.C.

November 18, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tama County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 17.8%, or approximately \$3,070,000, from fiscal year 2010 to fiscal year 2011. General revenues remained virtually unchanged, charges for services increased approximately \$156,000, operating grants, contributions and restricted interest increased approximately \$501,000 and capital grants and contributions increased approximately \$2,524,000.
- Program expenses of the County's governmental activities were 2.5%, or approximately \$365,000, more in fiscal 2011 than in fiscal 2010. Public safety and legal services expenses increased approximately \$91,000 and county environment and education expenses increased approximately \$147,000.
- The County's net assets increased 17.4%, or approximately \$5,150,000, from June 30, 2010 to June 30, 2011.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Tama County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Tama County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Tama County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund and 2) the Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The County's combined net assets increased from approximately \$29.5 million to approximately \$34.7 million. The analysis that follows focuses on the changes in net assets of governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2011	2010
Current and other assets	\$ 20,815	17,874
Capital assets	22,871	20,349
Total assets	43,686	38,223
Long-term liabilities	399	424
Other liabilities	8,612	8,274
Total liabilities	9,011	8,698
Net assets:		
Invested in capital assets	22,871	20,349
Restricted	8,906	7,158
Unrestricted	2,898	2,018
Total net assets	\$ 34,675	29,525

Net assets of Tama County's governmental activities increased 17.4% (\$29.5 million compared to \$34.7 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$2,018,000 at June 30, 2010 to approximately \$2,898,000 at the end of this year, an increase of 43.6%.

This increase of approximately \$880,000 includes approximately \$418,000 of reclassification of net assets from restricted to unrestricted per GASB Statement No. 54. See Note 14 to the financial statements for more information on this reclassification.

Changes in Net Assets of Governmental Activities		
	Year ended June 30,	
	2011	2010
Revenues:		
Program revenues:		
Charges for service	\$ 1,699,421	1,543,895
Operating grants and contributions	5,505,922	5,004,608
Capital grants and contributions	5,083,561	2,559,594
General revenues:		
Property tax	7,070,061	7,034,081
Interest and penalty on property tax	34,200	66,009
State tax credits	331,671	352,271
Local option sales tax	518,225	546,292
Unrestricted investment earnings	95,604	117,086
Other general revenues	-	44,699
Total revenues	20,338,665	17,268,535
Program expenses:		
Public safety and legal services	2,965,325	2,874,552
Physical health and social services	1,476,508	1,413,731
Mental health	1,862,279	1,780,808
County environment and education	796,839	649,964
Roads and transportation	6,611,717	6,591,289
Governmental services to residents	449,358	486,408
Administration	1,022,111	1,025,312
Non-program	4,438	1,987
Total expenses	15,188,575	14,824,051
Increase in net assets	5,150,090	2,444,484
Net assets beginning of year	29,524,950	27,080,466
Net assets end of year	\$ 34,675,040	29,524,950

Tama County's net assets of governmental activities increased approximately \$5,150,000 during the year. Revenues for governmental activities increased approximately \$3,070,000 from fiscal year 2010 to fiscal year 2011. The total cost of all programs and services increased by 2.5%. Capital grants, contributions and restricted interest increased by approximately \$2,524,000 due to contributed assets being received from the Iowa Department of Transportation through farm to market funds and \$1,700,000 of transfer of jurisdiction funds being received for the transfer of a segment of Highway 30 from the State of Iowa to Tama County.

The cost of all governmental activities this year was approximately \$15.2 million compared to approximately \$14.8 million last year. However, as shown in the Statement of Activities on page 13, the amount that our taxpayers ultimately financed for these activities was only \$2.9 million because some of the cost was paid by those who directly benefited from the programs (\$1.7 million) or by other governments and organizations that subsidized certain programs with contributions and grants (\$10.6 million). Overall, the County's governmental program revenues including intergovernmental aid and fees for services, increased in 2011 from approximately \$9.1 million to approximately \$12.3 million. The County paid for the remaining "public benefit" portion of governmental activities (\$2.9 million) with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements. General revenues remained virtually unchanged from the prior year.

INDIVIDUAL MAJOR FUND ANALYSIS

As Tama County completed the year, its governmental funds reported a combined fund balance of approximately \$10.1 million, an increase of more than \$2.6 million above last year's total of approximately \$7.5 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures remained consistent when compared to the prior year. The ending fund balance showed a modest increase of approximately \$380,000 from the prior year to approximately \$4,114,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$1,852,000, an increase of 4.1% from the prior year. The Mental Health Fund balance at year end increased approximately \$253,000 over the prior year.
- Rural Services Fund revenues remained virtually unchanged from the prior year. For the year, expenditures totaled approximately \$535,000, an increase of 54% from the prior year. This increase was a result of additional funds being spent on road clearing and an increase in the per capita fees to the Tama County Landfill Commission.
- Secondary Roads Fund revenues increased approximately \$2.1 million, due principally to receipt of \$1.7 million in transfer of jurisdiction from the State of Iowa. Expenditures increased approximately \$386,000 due principally to an increase in roadway maintenance and bridge repair. The amount that the County transferred from the Rural Services and General Funds decreased by approximately \$146,000. These changes resulted in an increase in the Secondary Roads Fund ending balance of approximately \$1,643,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Tama County amended its budget once. The amendment was made in May 2011 and resulted in an increase in budgeted disbursements related to public safety, local health and conservation expenditures. The County received additional funding from the state related to several local health grants and the Homeownership Grant. The expenditures were increased to reflect this additional revenue.

The County's receipts were \$2.2 million greater than budgeted, a variance of 14.4%.

Total disbursements were \$3.4 million less than the amended budget. This was primarily due to anticipated capital projects not being done by the County.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, Tama County had approximately \$47 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This amount represents a net increase (including additions and deletions) of approximately \$3,790,000, or 8.8% over last year.

Capital Assets of Governmental Activities at Year End
(Expressed in thousands)

	June 30,	
	2011	2010
Land	\$ 1,386	1,386
Construction in progress	529	200
Buildings and improvements	5,420	5,400
Machinery and equipment	8,076	7,833
Infrastructure	31,404	28,207
Totals	<u>\$ 46,815</u>	<u>43,026</u>

This year's major additions included (in thousands):

County sheriff vehicles	43
Replacement of two trucks and other secondary road equipment	379
Capital assets contributed by the Iowa Department of Transportation	2,997
Total	<u>\$ 3,419</u>

The County had depreciation expense of \$1,443,528 in fiscal year 2011 and total accumulated depreciation of \$23,943,902 at June 30, 2011.

The County's fiscal year 2011 capital budget included funds primarily for the continued upgrading of secondary roads and purchase of sheriff vehicles. These projects will be funded with resources on hand in the County's fund balances. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2011, the County had approximately \$395,000 in compensated absences compared to approximately \$422,000 in compensated absences at June 30, 2010, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2011	2010
Compensated absences	\$ 394,907	421,879
Total	<u>\$ 394,907</u>	<u>421,879</u>

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Tama County's constitutional debt limit is approximately \$56 million. Additional information about the County's long-term debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Tama County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates and the fees charged for various County activities. The proposed budget for fiscal year 2012 includes increases above the current budget in both the revenue and expenditure categories primarily related to roads and transportation as the County continues to make improvements in the infrastructure of roads and bridges.

The County has no major capital improvement plans for fiscal year 2012, but will continue to do routine maintenance on County buildings, roads and bridges.

The County continues to seek ways to contain costs by sharing programs and personnel with other counties and to increase revenues through user fees, grants and contracts rather than solely relying on tax income.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Tama County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Tama County Administration Building, 104 West State Street, P.O. Box 61, Toledo, Iowa, 52342.

Tama County
Statement of Net Assets
June 30, 2011

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 12,073,146
Receivables:	
Property tax:	
Delinquent	13,579
Succeeding year	7,641,405
Interest and penalty on property tax	40,298
Accounts	56,545
Accrued interest	3,508
Due from other governments	597,782
Inventories	345,525
Prepaid expenses	42,818
Capital assets (net of accumulated depreciation)	<u>22,871,404</u>
Total assets	<u>43,686,010</u>
Liabilities	
Accounts payable	623,826
Salaries and benefits payable	144,331
Due to other governments	202,605
Deferred revenue:	
Succeeding year property tax	7,641,405
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	394,907
Portion due or payable within one year:	
Net OPEB liability	<u>3,896</u>
Total liabilities	<u>9,010,970</u>
Net Assets	
Invested in capital assets	22,871,404
Restricted for:	
Supplemental levy purposes	1,226,052
Mental health purposes	694,438
Rural services purposes	1,757,157
Secondary roads purposes	2,786,008
Other purposes	2,442,401
Unrestricted	<u>2,897,580</u>
Total net assets	<u>\$ 34,675,040</u>

Tama County
Statement of Activities
Year Ended June 30, 2011

		Program Revenues		
		Charges for	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	Expenses	Service		
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 2,965,325	321,738	87,184	-
Physical health and social services	1,476,508	562,303	276,856	-
Mental health	1,862,279	327,612	1,215,959	-
County environment and education	796,839	64,443	41,385	234,885
Roads and transportation	6,611,717	60,499	3,884,273	4,848,676
Governmental services to residents	449,358	300,248	165	-
Administration	1,022,111	36,900	100	-
Non-program	4,438	25,678	-	-
Total	<u>\$ 15,188,575</u>	<u>1,699,421</u>	<u>5,505,922</u>	<u>5,083,561</u>

General Revenues:

Property and other county tax levied for:
 General purposes
Interest and penalty on property tax
State tax credits
Local option sales tax
Unrestricted investment earnings

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

<u>Net (Expense)</u> <u>Revenue and Changes</u> <u>in Net Assets</u>	
	(2,556,403)
	(637,349)
	(318,708)
	(456,126)
	2,181,731
	(148,945)
	(985,111)
	21,240
	<u>(2,899,671)</u>
	7,070,061
	34,200
	331,671
	518,225
	<u>95,604</u>
	<u>8,049,761</u>
	5,150,090
	<u>29,524,950</u>
\$	<u><u>34,675,040</u></u>

Tama County
Balance Sheet
Governmental Funds
June 30, 2011

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 4,022,002	777,923	1,765,224	3,058,180
Receivables:				
Property tax:				
Delinquent	11,539	1,320	720	-
Succeeding year	5,073,377	562,083	2,005,945	-
Interest and penalty on property tax	40,298	-	-	-
Accounts	53,508	2,218	-	819
Accrued interest	1,600	-	-	-
Due from other governments	148,577	145,305	43,149	260,751
Inventories	-	-	-	345,525
Prepaid expense	42,818	-	-	-
Total assets	\$ 9,393,719	1,488,849	3,815,038	3,665,275
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 47,054	46,112	496	297,976
Salaries and benefits payable	78,088	3,536	6,996	55,711
Due to other governments	29,760	172,279	-	566
Deferred revenue:				
Succeeding year property tax	5,073,377	562,083	2,005,945	-
Other	51,350	1,299	705	-
Total liabilities	5,279,629	785,309	2,014,142	354,253
Fund balances:				
Nonspendable:				
Inventories	-	-	-	345,525
Prepaid expenses	42,818	-	-	-
Restricted for:				
Supplemental levy purposes	1,226,052	-	-	-
Mental health purposes	-	703,540	-	-
Rural services purposes	-	-	1,800,896	-
Secondary road purposes	-	-	-	2,965,497
Conservation land acquisition	244,255	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Capital projects	-	-	-	-
Other purposes	270,330	-	-	-
Unassigned	2,330,635	-	-	-
Total fund balances	4,114,090	703,540	1,800,896	3,311,022
Total liabilities and fund balances	\$ 9,393,719	1,488,849	3,815,038	3,665,275

Nonmajor	Total
156,454	9,779,783
-	13,579
-	7,641,405
-	40,298
-	56,545
-	1,600
-	597,782
-	345,525
-	42,818
156,454	18,519,335

-	391,638
-	144,331
-	202,605
-	7,641,405
-	53,354
-	8,433,333

-	345,525
-	42,818
-	1,226,052
-	703,540
-	1,800,896
-	2,965,497
-	244,255
135,063	135,063
21,391	21,391
-	270,330
-	2,330,635
156,454	10,086,002
156,454	18,519,335

Tama County
Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets
June 30, 2011

Exhibit D

Total governmental fund balances (page 15)	\$ 10,086,002
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$46,815,306 and the accumulated depreciation is \$23,943,902.	22,871,404
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	53,354
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The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	2,063,083
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Long-term liabilities, including compensated absences payable and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(398,803)</u>
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Net assets of governmental activities (page 11)	<u>\$ 34,675,040</u>
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Tama County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,688,894	536,220	1,844,788	-
Local option sales tax	-	-	518,225	-
Interest and penalty on property tax	59,812	-	-	-
Intergovernmental	1,423,850	1,559,401	87,256	5,735,496
Licenses and permits	9,902	-	-	2,370
Charges for service	622,307	9,253	-	-
Use of money and property	145,347	-	-	-
Miscellaneous	31,138	-	-	58,129
Total revenues	6,981,250	2,104,874	2,450,269	5,795,995
Expenditures:				
Operating:				
Public safety and legal services	2,888,838	-	24,316	-
Physical health and social services	1,444,262	-	-	-
Mental health	-	1,852,265	-	-
County environment and education	659,890	-	134,444	-
Roads and transportation	-	-	289,052	5,781,541
Governmental services to residents	422,260	-	2,734	-
Administration	985,324	-	-	-
Non-program	112	-	-	-
Capital projects	58,726	-	84,132	129,521
Total expenditures	6,459,412	1,852,265	534,678	5,911,062
Excess (deficiency) of revenues over (under) expenditures	521,838	252,609	1,915,591	(115,067)
Other financing sources (uses):				
Sale of capital assets	-	-	-	10,294
Operating transfers in	-	-	-	1,747,564
Operating transfers out	(141,421)	-	(1,616,143)	-
Total other financing sources (uses)	(141,421)	-	(1,616,143)	1,757,858
Net change in fund balances	380,417	252,609	299,448	1,642,791
Fund balances beginning of year, as restated	3,733,673	450,931	1,501,448	1,668,231
Fund balances end of year	\$ 4,114,090	703,540	1,800,896	3,311,022

Nonmajor	Total
-	7,069,902
-	518,225
-	59,812
15,662	8,821,665
-	12,272
3,553	635,113
1,137	146,484
208	89,475
20,560	17,352,948

80	2,913,234
-	1,444,262
-	1,852,265
-	794,334
-	6,070,593
6,882	431,876
-	985,324
-	112
-	272,379
6,962	14,764,379

13,598	2,588,569
--------	-----------

-	10,294
10,000	1,757,564
-	(1,757,564)
10,000	10,294

23,598	2,598,863
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132,856	7,487,139
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156,454	10,086,002
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Tama County
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
Year Ended June 30, 2011

Exhibit F

Net change in fund balances - Total governmental funds (page 18) **\$ 2,598,863**

*Amounts reported for governmental activities in the Statement of
Activities are different because:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 979,007	
Capital assets contributed by the Iowa Department of Transportation	2,997,453	
Depreciation expense	(1,443,528)	2,532,932

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (10,294)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	(25,453)
--------------	----------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	26,972	
Other postemployment benefits	<u>(2,043)</u>	24,929

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

29,113

Change in net assets of governmental activities (page 13) **\$ 5,150,090**

Tama County
Statement of Net Assets
Proprietary Fund
June 30, 2011

Exhibit G

	<u>Internal Service- Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 2,293,363
Accrued interest	<u>1,908</u>
Total assets	<u>2,295,271</u>
Liabilities	
Accounts payable	<u>232,188</u>
Net Assets	
Unrestricted	<u><u>\$ 2,063,083</u></u>

Tama County
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2011

Exhibit H

		<u>Internal Service- Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,604,150
Reimbursements from others		21,810
Insurance reimbursements		<u>179,835</u>
Total operating revenues		1,805,795
Operating expenses:		
Medical claims	\$ 1,589,891	
Insurance premiums	174,566	
Administrative fees	<u>39,945</u>	<u>1,804,402</u>
Operating income		1,393
Non-operating revenues:		
Interest income		<u>27,720</u>
Net income		29,113
Net assets beginning of year		<u>2,033,970</u>
Net assets end of year		<u><u>\$ 2,063,083</u></u>

Tama County
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2011

Exhibit I

	<u>Internal Service- Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,604,150
Cash received from employees and others	21,810
Cash received from insurance reimbursements	179,835
Cash paid to suppliers for services	<u>(1,778,141)</u>
Net cash provided by operating activities	27,654
Cash flows from investing activities:	
Interest on investments	<u>28,262</u>
Net increase in cash and cash equivalents	55,916
Cash and cash equivalents beginning of year	<u>2,237,447</u>
Cash and cash equivalents end of year	<u><u>\$ 2,293,363</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,393
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	<u>26,261</u>
Net cash provided by operating activities	<u><u>\$ 27,654</u></u>

Tama County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

Exhibit J

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,699,733
Other County officials	17,234
Receivables:	
Property tax:	
Delinquent	53,777
Succeeding year	16,518,313
Accounts	22,400
Due from other governments	42,652
Total assets	<u>18,354,109</u>

Liabilities

Accounts payable	64,103
Salaries and benefits payable	19,910
Due to other governments	18,164,902
Trusts payable	33,554
Compensated absences	71,640
Total liabilities	<u>18,354,109</u>

Net assets	<u><u>\$ -</u></u>
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Tama County
Notes to Financial Statements
June 30, 2011

(1) Summary of Significant Accounting Policies

Tama County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Tama County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Tama County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Drainage District #3 has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Tama County Board of Supervisors. This drainage district is reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported in an agency fund. Financial information of the individual drainage districts can be obtained from the Tama County Auditor's office.

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(1) **Summary of Significant Accounting Policies (continued)**

A. Reporting Entity (continued)

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Tama County Assessor's Conference Board, Tama County Joint E-911 Service Board, Tama County Economic Development Commission and Tama County Emergency Management Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following additional jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Heartland Risk Pool Insurance, Tama County Solid Waste Disposal Commission, County Case Management Services, Mid-Iowa Drug Task Force, Northeast Iowa Response Group, Central Iowa Juvenile Detention Center and Region VI Planning Commission.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenue to be used for secondary road construction and maintenance.

Additionally, the County reports the following funds:

Proprietary Fund – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents -- The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable -- Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year.

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(1) **Summary of Significant Accounting Policies (continued)**

D. Assets, Liabilities and Fund Equity (continued)

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	20 – 50
Building improvements	20 – 50
Infrastructure	30 – 50
Equipment	5 – 20
Vehicles	7 – 10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, fund balance are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

Net Assets – The net assets of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$989,345 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk. The investment in the Iowa Public Agency Investment Trust is unrated.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Tobacco Compliance	General	\$ 10,000
Special Revenue:		
Secondary Roads	General	131,421
	Special Revenue:	
	Rural Services	1,616,143
		<u>1,747,564</u>
		<u>\$ 1,757,564</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(4) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,386,037	-	-	1,386,037
Construction in progress	200,313	328,482	-	528,795
Total capital assets not being depreciated	1,586,350	328,482	-	1,914,832
Capital assets being depreciated:				
Buildings	5,399,642	20,720	-	5,420,362
Equipment and vehicles	7,833,144	457,939	215,392	8,075,691
Infrastructure, road network	28,206,655	3,197,766	-	31,404,421
Total capital assets being depreciated	41,439,441	3,676,425	215,392	44,900,474
Less accumulated depreciation for:				
Buildings	2,228,871	108,622	-	2,337,493
Equipment and vehicles	5,573,167	457,788	188,811	5,842,144
Infrastructure, road network	14,887,147	877,118	-	15,764,265
Total accumulated depreciation	22,689,185	1,443,528	188,811	23,943,902
Total capital assets being depreciated, net	18,750,256	2,232,897	26,581	20,956,572
Governmental activities capital assets, net	\$ 20,336,606	2,561,379	26,581	22,871,404

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 83,167
Physical health and social services	25,129
Mental health	8,536
County environment and education	33,746
Roads and transportation	1,214,897
Governmental services to residents	17,391
Administration	60,662
Total depreciation expense - governmental activities	\$ 1,443,528

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 421,879	1,853	423,732
Increases	18,633	2,043	20,676
Decreases	45,605	-	45,605
Balance end of year	\$ 394,907	3,896	398,803
Due within one year	\$ 394,907	-	394,907

(6) Operating Leases

The County has entered into various operating leases for office copy machines and a postage meter. These leases expire at various times through September 2014. The following is a schedule by year of the total annual lease costs required under the operating leases.

Year ending June 30,	Rent Due
2012	\$ 20,834
2013	16,883
2014	5,765
2015	398
2016	-
Total	\$ 43,880

The total annual lease costs for the year ended June 30, 2011 were \$21,689.

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(7) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 29,760
Special Revenue:		
Secondary Roads	Services	566
Mental Health	Services	172,279
		<u>172,845</u>
Total for governmental funds		<u>\$ 202,605</u>
Agency:		
County Assessor	Collections	\$ 592,846
Schools		10,893,197
Community Colleges		1,297,401
Corporations		3,878,804
Townships		290,211
Auto License and Use Tax		389,527
E-911		247,651
Emergency Management Services		168,471
All other		<u>406,794</u>
Total for agency funds		<u>\$ 18,164,902</u>

(8) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$390,613, \$372,393 and \$330,884, respectively, equal to the required contributions for each year.

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(9) Other Postemployment Benefits (OPEB)

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug and dental benefits for retirees and their spouses. There are 120 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug and dental benefits are provided through a partially self-funded medical plan administered by Bernie Lowe and Associates. Retirees under age 65 pay 102% of the full active employee premium for the medical/prescription drug and dental benefit, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 3,769
Interest on net OPEB obligation	83
Adjustment to annual required contribution	107
Annual OPEB cost	3,959
Contributions made	(1,916)
Increase in net OPEB obligation	2,043
Net OPEB obligation beginning of year	1,853
Net OPEB obligation end of year	\$ 3,896

For calculations of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011 plan members eligible for benefits contributed \$1,916, or 100% of the premium costs.

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(9) Other Postemployment Benefits (OPEB) (continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 3,769	51%	\$ 1,853
June 30, 2011	3,769	48%	3,896

Funded Status and Funding Progress. As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$40,111, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$40,111. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,479,535 and the ratio of the UAAL to covered payroll was .9%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment return based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(9) Other Postemployment Benefits (OPEB) (continued)

Projected claim costs of the medical plan for retirees less than age 65 are \$1,227 per month for a family plan and \$565 per month for a single plan and projected claim costs for retirees who have attained the age of 65 are \$689 per month for a family plan and \$346 per month for a single plan. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Tama County Employee Group Health Fund

The Internal Service, Tama County Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Bernie Lowe and Associates, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000 and aggregating stop loss limitation of \$42,500. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Tama County Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrators and Bernie Lowe and Associates from the Tama County Employee Group Health Fund. The County's contribution for the year ended June 30, 2011 was \$1,604,150.

Amounts payable from the Employee Group Health Fund at June 30, 2011 total \$232,188, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$2,063,083 at June 30, 2011 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims as beginning of year	\$ 205,927
Incurred claims (including claims incurred but not reported at June 30, 2011)	1,589,891
Payments on claims during the fiscal year	1,563,630
Unpaid claims end of year	<u>\$ 232,188</u>

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(11) Risk Management

Tama County is a member in the Heartland Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Risk Pool (Pool) is a local government risk-sharing pool whose members include ten counties throughout the State of Iowa. The Pool was formed July 1, 1987 to provide workers' compensation and property/casualty insurance for its members. The risk pool was created for the purpose of providing and maintaining self-insurance benefits on a group basis substantially at cost.

Each member County is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery. The risk pool is responsible for paying the reinsurance premiums on the insurance policies when due, to pay claims in accordance with the various coverages and to make other payments as required by applicable law, to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool, and to pay all reasonable and necessary expenses for administering the risk pool and fund.

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2011, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers compensation, and in excess of \$400,000 per occurrence, up to a maximum of \$8,000,000 per occurrence, including the retention of the pool, for general liability, police professional, errors and omissions and automobile liability. The risk pool records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustment expenses. At June 30, 2011, 2010 and 2009 the risk pool reported a surplus of assets over liabilities.

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool by means of an assessment that would be charged to the member County in addition to the premium contributions. At June 30, 2011, settled claims have not exceeded the risk pool reinsurance coverage since commencement of the risk pool.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2011 were \$137,396.

Initial membership into the Pool is for a mandatory three year period. Subsequent to the initial term, a member County may withdraw at the end of any given fiscal year. The initial membership period for Tama County commenced July 1, 1987 and is subject to renewal every three years. The county assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Tama County
Notes to Financial Statements (Continued)
June 30, 2011

(12) Contingent Liability

During the year ended June 30, 1994, an underground storage tank investigation classified three former underground storage tank sites in Tama County as high risk, requiring the County to submit plans for remedial action to the Iowa Department of Natural Resources. The County is currently contesting the high risk classification for two of the three sites. The County estimates the costs to remediate the sites under the proposed plans to be approximately \$75,000 per site. As a result, a liability for \$150,000 has been recorded in accounts payable in the Secondary Roads Fund at June 30, 2011.

The environmental impact of the sites is currently unknown and the potential liability, if any, for additional costs associated with the sites is indeterminable.

(13) Special Investigation

The Auditor of State released a special investigative audit report on June 28, 2011 as a result of concerns with financial transactions and reporting in the County Sheriff's office. The special investigation identified \$46,752 of undeposited collections and unbilled room and board fees. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/specials/1010-0086-BE00.pdf>.

(14) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassification is as follows:

		Nonmajor					
		Conservation Land Acquisition	Tama County Nature Center	Security Services	County Sheriff's DARE Monies	Medicaid Reimburse- ment	Vehicle Replacement/ Computer Maintenance
Balances June 30, 2010, as previously reported	\$ 3,315,864	235,810	103,809	5,553	398	21,720	50,519
Change in fund type classification per implementation of GASB Statement No. 54	417,809	(235,810)	(103,809)	(5,553)	(398)	(21,720)	(50,519)
Balances July 1, 2010, as restated	\$ 3,733,673	-	-	-	-	-	-

(15) Date of Management Evaluation

Management has evaluated subsequent events through November 18, 2011, the date on which the financial statements were available to be issued.

Required Supplementary Information

Tama County
 Budgetary Comparison Schedule of
 Receipts, Disbursements and Changes in Balances -
 Budget and Actual (Cash Basis) - All Governmental Funds
 Required Supplementary Information
 Year Ended June 30, 2011

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 7,629,795	-
Interest and penalty on property tax	59,559	-
Intergovernmental	8,629,867	-
Licenses and permits	12,784	-
Charges for services	654,373	-
Use of money and property	145,965	-
Miscellaneous	87,283	-
Total receipts	<u>17,219,626</u>	<u>-</u>
Disbursements:		
Public safety and legal services	2,904,862	-
Physical health and social services	1,431,941	-
Mental health	1,839,031	-
County environment and education	789,748	-
Roads and transportation	5,982,692	-
Governmental services to residents	434,204	-
Administration	990,459	-
Non-program	112	-
Capital projects	270,287	-
Total disbursements	<u>14,643,336</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	2,576,290	-
Other financing sources, net	<u>10,294</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,586,584	-
Balance beginning of year	<u>7,193,199</u>	859
Balance end of year	<u><u>\$ 9,779,783</u></u>	<u>859</u>

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
7,629,795	7,555,942	7,555,942	73,853
59,559	42,000	42,000	17,559
8,629,867	6,271,508	6,486,865	2,143,002
12,784	15,000	15,000	(2,216)
654,373	514,581	514,581	139,792
145,965	123,633	123,633	22,332
87,283	314,504	314,504	(227,221)
17,219,626	14,837,168	15,052,525	2,167,101
2,904,862	3,175,768	3,240,664	335,802
1,431,941	1,439,374	1,566,727	134,786
1,839,031	1,916,356	1,916,356	77,325
789,748	903,099	996,727	206,979
5,982,692	6,870,918	6,870,918	888,226
434,204	483,722	483,722	49,518
990,459	1,162,774	1,162,774	172,315
112	7,750	7,750	7,638
270,287	1,805,774	1,805,774	1,535,487
14,643,336	17,765,535	18,051,412	3,408,076
2,576,290	(2,928,367)	(2,998,887)	5,575,177
10,294	4,450	4,450	5,844
2,586,584	(2,923,917)	(2,994,437)	5,581,021
7,192,340	5,717,198	5,717,198	1,475,142
9,778,924	2,793,281	2,722,761	7,056,163

Tama County
 Budgetary Comparison Schedule -
 Budget to GAAP Reconciliation
 Required Supplementary Information
 Year Ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 17,219,626	133,322	17,352,948
Expenditures	14,643,336	121,043	14,764,379
Net	2,576,290	12,279	2,588,569
Other financing sources, net	10,294	-	10,294
Beginning fund balances	7,193,199	293,940	7,487,139
Ending fund balances	\$ 9,779,783	306,219	10,086,002

Tama County
Notes to Required Supplementary Information-
Budgetary Reporting
June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$285,877. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

Tama County
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2009	-	\$ 40,111	40,111	0.0%	\$ 4,578,884	.9%
July 1, 2010	-	40,111	40,111	0.0%	4,479,535	.9%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Other Supplementary Information

Tama County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue			
	Resource Enhancement and Protection	County Recorder's Records Management	County Sheriff's Forfeiture Fund	County Attorney's Forfeiture Fund
Assets				
Cash and pooled investments	\$ 80,742	42,536	31	325
Total assets	<u>\$ 80,742</u>	<u>42,536</u>	<u>31</u>	<u>325</u>
Fund Balances				
Fund balances:				
Restricted for:				
Other purposes	\$ 80,742	42,536	31	325
Total fund balances	<u>\$ 80,742</u>	<u>42,536</u>	<u>31</u>	<u>325</u>

Tobacco Compliance	Drainage District	Capital Projects	Total
10,570	859	21,391	156,454
10,570	859	21,391	156,454

10,570	859	21,391	156,454
10,570	859	21,391	156,454

Tama County
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

		Special Revenue		
	Resource Enhancement and Protection	County Recorder's Records Management	County Sheriff's Forfeiture Fund	County Attorney's Forfeiture Fund
Revenues:				
Intergovernmental	\$ 15,012	-	-	-
Charges for service	-	3,553	-	-
Use of money and property	972	165	-	-
Miscellaneous	-	-	-	208
Total revenues	15,984	3,718	-	208
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Governmental services to residents	-	6,882	-	-
Total expenditures	-	6,882	-	-
Excess (deficiency) of revenues over (under) expenditures	15,984	(3,164)	-	208
Other financing sources:				
Operating transfers in	-	-	-	-
Net change in fund balances	15,984	(3,164)	-	208
Fund balances beginning of year, as restated	64,758	45,700	31	117
Fund balances end of year	\$ 80,742	42,536	31	325

Tobacco Compliance	Drainage District	Capital Projects	Total
650	-	-	15,662
-	-	-	3,553
-	-	-	1,137
-	-	-	208
650	-	-	20,560
80	-	-	80
-	-	-	6,882
80	-	-	6,962
570	-	-	13,598
10,000	-	-	10,000
10,570	-	-	23,598
-	859	21,391	132,856
10,570	859	21,391	156,454

Tama County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

	County Offices		Agricultural		
	County Recorder	County Sheriff	Extension Education	County Assessor	Schools
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	-	2,428	320,586	172,449
Other County officials	7,362	9,872	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	353	932	25,024
Succeeding year	-	-	150,000	301,678	10,695,724
Accounts	2,039	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 9,401	9,872	152,781	623,196	10,893,197
Liabilities					
Accounts payable	\$ -	-	-	12,240	-
Salaries and benefits payable	-	-	-	3,233	-
Due to other governments	9,401	24	152,781	592,846	10,893,197
Trusts payable	-	9,848	-	-	-
Compensated absences	-	-	-	14,877	-
Total liabilities	\$ 9,401	9,872	152,781	623,196	10,893,197

Community Colleges	Corporations	Townships	Special Assessments	Auto License and Use Tax	Empowerment	Emergency Management Services	E-911
20,591	55,566	4,649	3,725	389,527	26,752	221,617	224,020
-	-	-	-	-	-	-	-
3,430	23,915	117	-	-	-	-	-
1,273,380	3,799,323	285,445	-	-	-	-	-
-	-	-	-	-	-	-	18,055
-	-	-	-	-	-	-	10,489
1,297,401	3,878,804	290,211	3,725	389,527	26,752	221,617	252,564
-	-	-	-	-	14,322	1,332	4,913
-	-	-	-	-	-	11,545	-
1,297,401	3,878,804	290,211	3,725	389,527	12,430	168,471	247,651
-	-	-	-	-	-	-	-
-	-	-	-	-	-	40,269	-
1,297,401	3,878,804	290,211	3,725	389,527	26,752	221,617	252,564

Tama County
Combining Schedule of Fiduciary Assets and Liabilities (Continued)
Agency Funds
June 30, 2011

Schedule 3

Assets	Economic Development	Sanitary Landfill	Third Party Payees	Other	Total
Cash and pooled investments:					
County Treasurer	\$ 83,266	72,693	23,706	78,158	1,699,733
Other County officials	-	-	-	-	17,234
Receivables:					
Property tax:					
Delinquent	-	-	-	6	53,777
Succeeding year	-	-	-	12,763	16,518,313
Accounts	-	2,306	-	-	22,400
Due from other governments	32,163	-	-	-	42,652
Total assets	\$ 115,429	74,999	23,706	90,927	18,354,109
Liabilities					
Accounts payable	\$ 31,296	-	-	-	64,103
Salaries and benefits payable	1,004	4,128	-	-	19,910
Due to other governments	76,052	61,454	-	90,927	18,164,902
Trusts payable	-	-	23,706	-	33,554
Compensated absences	7,077	9,417	-	-	71,640
Total liabilities	\$ 115,429	74,999	23,706	90,927	18,354,109

Tama County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2011

	County Offices			Agricultural
	County	County	County	Extension
	Auditor	Recorder	Sheriff	Education
Assets and Liabilities				
Balances beginning of year	\$ -	13,198	8,740	153,224
Additions:				
Property and other county tax	-	-	-	143,449
E-911 surcharge	-	-	-	-
State tax credits	-	-	-	6,710
Interest	-	-	-	-
Office fees and collections	6,696	287,986	297,544	-
Auto licenses, drivers license, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	236,627	-
Reimbursements from other governments	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	6,696	287,986	534,171	150,159
Deductions:				
Agency remittances:				
To other funds	6,696	120,983	330,824	-
To other governments	-	170,800	6,246	150,602
Trusts paid out	-	-	195,969	-
Total deductions	6,696	291,783	533,039	150,602
Balances end of year	\$ -	9,401	9,872	152,781

County Assessor	Schools	Community Colleges	Corporations	Townships	Special Assessments	Auto License and Use Tax	Empower- ment
647,008	10,768,213	1,309,487	3,630,812	283,289	12,855	407,994	25,882
284,333	10,227,783	1,191,905	3,623,899	272,887	-	-	-
-	-	-	-	-	-	-	-
17,723	472,354	54,803	151,244	12,578	-	-	-
-	-	-	-	-	-	-	7
-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,758,307	-
-	-	-	-	-	18,000	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	253,601
764	-	-	-	-	-	-	-
302,820	10,700,137	1,246,708	3,775,143	285,465	18,000	4,758,307	253,608
-	-	-	-	-	-	195,052	-
326,632	10,575,153	1,258,794	3,527,151	278,543	27,130	4,581,722	252,738
-	-	-	-	-	-	-	-
326,632	10,575,153	1,258,794	3,527,151	278,543	27,130	4,776,774	252,738
623,196	10,893,197	1,297,401	3,878,804	290,211	3,725	389,527	26,752

Tama County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds (Continued)
Year Ended June 30, 2011

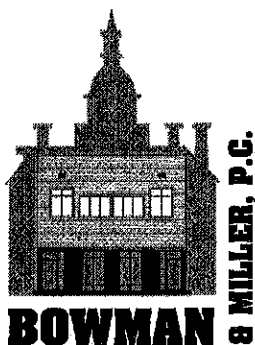
	Emergency Management Services	E-911	Economic Development	Sanitary Landfill
Assets and Liabilities				
Balances beginning of year	\$ 163,172	230,029	53,630	214,122
Additions:				
Property and other county tax	-	-	-	-
E-911 surcharge	-	123,407	-	-
State tax credits	-	-	-	-
Interest	-	1,222	-	-
Office fees and collections	-	-	-	-
Auto licenses, drivers license, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Reimbursements from other governments	680,693	-	118,673	-
Miscellaneous	1,438	-	119,792	908,521
Total additions	682,131	124,629	238,465	908,521
Deductions:				
Agency Remittances:				
To other funds	-	-	-	-
To other governments	623,686	102,094	176,666	1,047,644
Trusts paid out	-	-	-	-
Total deductions	623,686	102,094	176,666	1,047,644
Balances end of year	\$ 221,617	252,564	115,429	74,999

Third Party Payees	Other	Total
20,847	77,626	18,020,128
-	10,214	15,754,470
-	-	123,407
-	556	715,968
-	-	1,229
-	10,738	602,964
-	-	4,758,307
-	-	18,000
325,440	275,617	837,684
-	-	1,052,967
-	-	1,030,515
325,440	297,125	24,895,511
-	-	653,555
-	33,878	23,139,479
322,581	249,946	768,496
322,581	283,824	24,561,530
23,706	90,927	18,354,109

Tama County
Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds
For the Last Ten Years

	2011	2010	2009
Revenues:			
Property and other county tax	\$ 7,069,902	7,033,685	6,959,487
Local option sales tax	518,225	546,292	548,739
Interest and penalty on property tax	59,812	64,768	57,758
Intergovernmental	8,821,665	6,939,984	6,418,435
Licenses and permits	12,272	17,026	14,469
Charges for service	635,113	534,167	521,606
Use of money and property	146,484	175,458	169,285
Miscellaneous	89,475	122,811	127,711
Total	<u>\$ 17,352,948</u>	<u>15,434,191</u>	<u>14,817,490</u>
Expenditures:			
Operating:			
Public safety and legal services	\$ 2,913,234	2,900,899	2,709,086
Physical health and social services	1,444,262	1,403,084	1,379,806
Mental health	1,852,265	1,778,066	1,860,702
County environment and education	794,334	617,963	580,591
Roads and transportation	6,070,593	5,734,075	5,118,437
Governmental services to residents	431,876	478,621	478,877
Administration	985,324	1,033,398	1,132,708
Non-program	112	134	2,200
Capital projects	272,379	604,053	340,127
Total	<u>\$ 14,764,379</u>	<u>14,550,293</u>	<u>13,602,534</u>

Modified Accrual Basis						
2008	2007	2006	2005	2004	2003	2002
6,592,282	6,243,083	6,173,881	5,789,728	5,575,434	5,211,802	4,747,824
547,461	536,617	465,352	512,969	356,360	-	-
73,650	66,062	63,803	110,698	53,806	58,411	53,772
6,877,451	6,754,711	6,442,517	6,258,963	6,194,220	5,803,803	5,297,022
14,946	13,515	14,408	10,841	13,645	6,712	4,772
505,387	498,324	522,452	576,931	542,154	533,987	651,744
251,133	300,347	213,015	118,865	94,480	120,038	170,579
81,984	48,739	58,830	109,005	55,017	120,108	64,832
14,944,294	14,461,398	13,954,258	13,488,000	12,885,116	11,854,861	10,990,545
2,672,476	2,531,566	2,480,455	2,449,550	2,202,911	2,116,423	1,886,482
1,335,015	1,202,218	1,121,910	1,119,516	1,102,767	1,009,196	998,613
1,783,875	1,694,136	2,387,504	1,737,404	1,697,265	1,737,208	1,560,067
616,085	825,251	579,237	779,924	471,499	841,820	329,472
5,414,893	5,889,960	5,197,434	5,629,714	5,690,051	4,819,756	4,650,243
459,901	429,841	533,397	441,282	394,182	616,975	426,239
1,199,758	1,171,989	1,107,117	1,043,037	1,060,873	798,186	828,318
3,427	181	827	198	973	48,324	236,278
783,271	641,249	321,022	317,057	88,333	52,904	206,745
14,268,701	14,386,391	13,728,903	13,517,682	12,708,854	12,040,792	11,122,457



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Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Tama County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tama County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated November 18, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Tama County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Tama County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Tama County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weakness have been identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings as item II-A-11 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted no items that we considered to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tama County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Tama County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusion on the County's responses, we did not audit Tama County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Tama County and other parties to whom Tama County may report including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Tama County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Bowman and Miller. P.C.

November 18, 2011

Tama County
Schedule of Findings
Year Ended June 30, 2011

Part I: Summary of the Independent Auditors' Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Tama County
Schedule of Findings (Continued)
Year Ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCY:

II-A-11 Segregation of Duties -- During our review of internal control, the existing control procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

Applicable
Offices

Treasurer,
Recorder

(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.

Recorder,
Sheriff

(3) Checks should be signed by an individual who does not otherwise participate in the preparation of the checks. Prior to signing, the checks and the supporting documentation should be reviewed for propriety. After signing, the checks should be mailed without allowing them to return to individuals who prepare the checks or approve vouchers for payment.

Treasurer,
Recorder,
Sheriff

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be evidenced by initials or signature of the reviewer and the date of the review.

Tama County
Schedule of Findings (Continued)
Year Ended June 30, 2011

INTERNAL CONTROL DEFICIENCY (continued):

Response – Each office will be reminded to segregate duties to practically accomplish internal controls.

Conclusion – Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted.
- IV-B-11 Questionable Expenditures – We noted no expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-11 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-10 Business Transactions – No business transactions between the County and County officials or employees were noted.
- IV-E-11 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.
- IV-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

The County Board of Supervisors went into closed session on November 1, 2010. The minutes reflected the reason for the closed session, however they did not document roll call vote as required by Chapter 21.5 of the Code of Iowa.

Recommendation – The County should ensure that the roll call vote is properly documented as required by Chapter 21.5 of the Code of Iowa.

Response – We will document the roll call vote for all closed sessions in the future.

Conclusion – Response accepted.

- IV-G-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

Tama County
Schedule of Findings (Continued)
Year Ended June 30, 2011

- IV-H-11 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-11 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2011 for the County Extension Office did not exceed the amount budgeted.

Tama County
Audit Staff

This audit was performed by:

Bowman and Miller, P.C.
Certified Public Accountants
Marshalltown, Iowa

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